



**STRATEGY
RESEARCH
PROJECT**

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**MAKING FINANCIAL MANAGEMENT USEFUL
FOR THE LEADERS OF THE TWENTY-FIRST CENTURY**

BY

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USAWC STRATEGIC RESEARCH PROJECT

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by

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Abstract

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TITLE: Making Financial Management Useful for the Leaders of the Twenty-First Century

FORMAT: Strategic Research Project

DATE: 13 May 1997

PAGES: 27

CLASSIFICATION: Unclassified

This paper suggests that financial management fails to contribute to the decision making process because it does not meet the needs of the leadership. Parts of the financial management process are used in order to meet budget submission and other regulatory requirements but the key steps of the process along with meaningful analysis and feedback generated at each step are not well integrated. A model based on the writings of Comptroller General of the United States Charles A. Bowsher is presented to explain the technical aspects of financial management. The issue of the overall importance of financial management is also discussed and the suggestion is made that financial management become the "seventh imperative" of the Army "Trained and Ready" paradigm. Change is needed in how we perform analysis and the functions of financial management if we intend to accomplish the objectives of Army Force XXI and meet the challenges of the Army After Next.

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Arabian Peninsula in the Years 2007 - 2008

1930 Hrs, 28 December 2007

LTG Jack Randolph, Commander of the 5th Armored Corps, got out of his HUMMV, walked down and stood beside one of his "new" M1A6 main battle tanks. He surveyed the desert terrain in the evening twilight. The cold January wind blew briskly out of the Rub`al Khali. He forgot how cold the Arabian peninsula could get. He shrugged a little deeper into his field jacket.

He had just finished visiting the 336th EVAC Hospital. It wrenched his heart to see all those young kids, some with awful wounds. There were plenty of them too. The casualties had been rolling in for weeks now. The Corps was now close to 80 percent effectiveness.

Replacements were non-existent...."Hell, General there are no replacements, period" those kind words came from his Chief of Staff this morning. Same thing with spare parts. The Corps G4 saw no relief in sight, either. First, like the replacements, there were no parts and second, he had no faith in the almighty Defense Logistics Agency to get them the parts. No industrial base and no stockpiles ... how could they get them. The whole Corps was nothing but a "flash in the pan" ... a lot of good soldiers with nothing to fight.

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After the initial deployment of the 12th Airborne Corps in the late summer of 2007, the 5th Armored Corps was all the Nation had. The 12th had been chewed to

pieces on their forced entry. The Iranians hit the 27th Airborne Division hard just after their drop and before their C2 could get up and running. Carving out a lodgment area had been tough.

Forty-five days later the 5th Armored Corps had barely moved out of its assembly areas before the Iranians hit them head-on. No surprise here, the intelligence indicated the Iranians would hit and hit hard. Four major battles ensued before the Corps could get a little breathing room. "Progress" was slow and the Americans were reaching culmination. Since the inception of the war, the Iranians had given no slack and they were now pressing their advantage America's Army was hanging on by its fingernails.

*

*

As the cold started to bite into his face, Jack thought back over the past years.

He knew where it all started. It started after the Fall of the Berlin Wall. It accelerated after the Gulf war....

The services could not come to grips with a new post cold war strategy. Congress expected a peace dividend and began the budget cutting. The Office of the Secretary of Defense (OSD) joined in ... almost happily it seemed.

The drawdown went fairly well through the early to mid nineties. Congress was willing and even supported doing the right thing for those who had to be mustered out of the all volunteer force. Congress even listened to the CINCs and Service Chiefs. No doubt they wanted to cut defense in order to help balance the budget, but they defended the idea of supporting a strategy.

No, the problem was not Congress.

The problem came when the Defense "whiz kids," and "bean counters" came back to town. Thrown out on their ear after the McNamara era, the whiz kids and their sort had slowly been rebuilding. The financial management side of the Defense Department was in shambles and the services were no better. The budget cutting of the nineties was ready made for their comeback performance. It was the same old refrain: consolidation, new systems, cost savings, and management reform.

*

*

Yes, OSD was now everywhere.

His memory brought back in vivid detail when he first realized things had really gone amok. It was about 10 years ago. He was in command of the 57th Armored Division and Fort Carson, Colorado. That is until January 1, 1999, when he became a tenet of the "Rocky Mountain Regional Defense Center - Colorado Springs."

"Huh?"

Yep, the "Rocky Mountain Regional Defense Center - Colorado Springs" came about in 1999 when the Department of Defense absorbed all the military installations into a new Defense Agency charged with centralizing and managing all military installations in a more efficient manner. It was touted as a cost saving measure and another way the services could protect dwindling endstrength. And of course the Army bought it, just as it always had when it came to protecting end strength. A couple of guys from his Army War College Class said the savings were unsupportable, but they did not have reliable data, and

besides, nobody wanted to listen anyway... I mean, these initiatives were going to save force structure ... and as things developed, the Defense Installation Management Agency (DIMA) was only one of many new Defense Agencies. Everybody was getting used to the new “paradigm” in Defense management. By 2001, the Defense Agencies had the largest share of the defense budget.

In the early years of the new millennium, everything crashed in around them. All the savings that had been touted by OSD failed to materialize. Since the “estimated” savings had already been withdrawn from the program years, the services were faced with force structures too large to be supported by current resources.

Deep and rapid cuts were made in force structure. Modernization, already severely curtailed, was virtually eliminated. By 2005, the services lay decimated with a huge firmly entrenched OSD establishment, absorbing 30 percent of the defense budget, claiming “economies of scale” and “reformed management.”

Now the Army along with the other services had to coordinate with faceless and transparent organizations most all located in Northern Virginia. If you needed even the smallest of spare parts, the request had to go through some faceless entity in Northern Virginia.

*

*

He remembered how he felt then, ... the same way he felt now.

With the Defense takeover, the Army had lost a wealth of autonomy; but, more than that, it lost its traditions. It had lost its soul.

Yes, what took place at old Fort Carson had happened throughout the Army.

The Cavalry charges no longer took place at the changes of command and the bugle calls at reveille and retreat were long gone. The garrison commander was now "a suit."

*

*

I. Introduction.

What happened to the fictional LTG Randolph and the 5th Armored Corps is what could happen when unrestrained budget cutting and ill-conceived cost saving initiatives are allowed to occur during inter-war years. These conditions are often allowed by responsible leaders who are responding to the pressures of change such as, downsizing force structure, modernizing to accommodate technological change, and designing and implementing quality of life programs that will enhance soldier retention. These leaders may not fully understand the financial impact of their own actions or those by higher headquarters. This misunderstanding results in a less than optimal financing scheme for Army missions resulting in a gap between the National Military Strategy and what military forces are actually capable of achieving.

Without the analytical capability provided by a strong financial management organization and keen leadership within its ranks, the Army will find it hard to make clear choices associated with a future declining or stagnant budget. Figure 1 displays a correlation of force readiness with budget troughs in years past. Kasserine Pass, Task Force Smith and Desert One are examples which show Army performance at the end of

resource constrained periods. Obviously many other factors are at work here, but the message should be clear. Poor performance is clearly associated with resource constrained environments and the choices which come out of those environments.

The tail end of the trend line in Figure 1 also shows that the future budget trend is flat ... if the United States Army is to achieve the objectives of Force XXI and the Army After Next, it will be the first time in history the Army has improved its posture when accompanied by a severely constrained resource environment. If we intend to transition successfully to the future, leaders throughout the Army must adopt sound financial management principles so as to gain optimal productivity from every dollar spent.

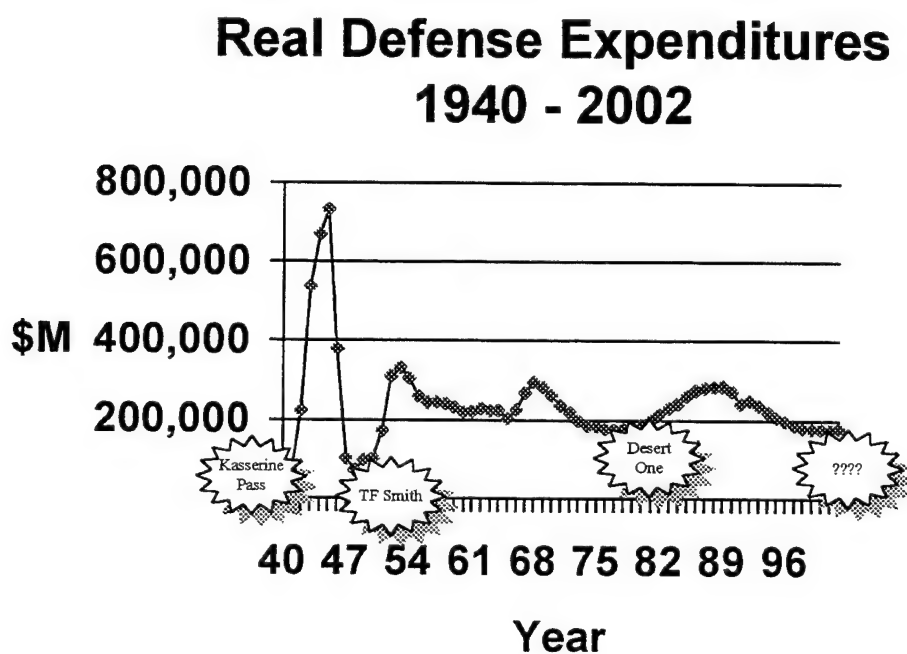


Figure 1¹

This paper intends to explain in general terms the need for the Army to develop a strategic vision for the financial management community. This vision must focus on the overarching objective of making financial management practical and useful to the Army leadership by providing them the meaningful analysis needed to make the tough resource allocation and balancing decisions.

II. What Is Financial Management?

The term "financial management" is not readily defined. There is no definition of financial management universally applied in the Federal government or found in statute.² This lack of a substantive definition is because the two words "financial" and "management" encompass such a large portion of an organization's operations that it is hard to pin down precisely what is covered by financial management. For the commercial firm, financial management is usually associated with the practice of accounting. It is regarded as a specialized function of the treasurer, controller, or other chief financial officer of the company. Since it deals with numerical values, it is also thought of in terms of budgets and forecasts, of balance sheets, and profit and loss statements, or of tax returns and annual reports.³ Although Army financial management encompasses most all of these functions, this definition does a poor job of conveying the need to integrate and communicate financial information across all levels of the Army structure. The Army requires a broader view.

Part of the problem is that the technical and specialized aspects of financial management confuse many people. They are turned-off by all the numbers and fail to

realize the unifying affect the dollar value orientation of financial management has on the operations of an entity. For the world of business, financial management provides the common language and the common goal which unifies all the disparate operations of the firm ... that being profit in terms of dollars. Everyone across the firm knows excess costs mean less profit and excess revenue means more profit. Similarly, in our business of defense preparedness, financial management provides the common language which guides us towards accomplishment of the national military strategy that being the purchase of capability in terms of dollars. If we pay too much for one capability, we cannot purchase enough of another capability.

The Army is an organization of capabilities focused on the accomplishment of a broad range of missions. The complexity of the Army structure is immense and the propensity for waste, fraud, and abuse of resources enormous. Financial management is a generic process which boils these diverse capabilities and missions down to what they cost in terms of dollars so decisions can be made regarding their outcome. For every mistake we make in terms of identifying costs or communicating financial information, we allow decision makers to form false impressions which may ultimately lead to less than optimal decisions --- something unaffordable in today's tight resource environment. Financial management must play an essential role in our future.

III. The Current State of Affairs in Financial Management.

The issue of bringing Army property under financial control aptly illustrates one aspect of the current state of financial affairs in today's Army. This issue was originally

identified as one of the twenty-five recommendations contained in the Budget and Accounting Report which was submitted to the Congress by the Hoover Commission in June 1955.⁴ As late as March 1996, the Army Audit Agency was unable to express an opinion on the Army financial statements because, among other things, ...

*Army accounting systems did not accurately capture the values of equipment and real property owned by field units and installations or wholesale assets.*⁵

After 40 years we still have not brought our plant and equipment under financial control.

Although bringing property accountability under financial control may not directly contribute to more buying power, it will enhance the trust and confidence Congress, OSD, and other agencies have in our financial reporting. Decisions regarding funding levels and new starts could be easier to justify and support, if there is credibility, trust and confidence in the process. Good financial reporting, as evidenced by property accountability, and analysis establishes that faith and credibility. Good analysis based on sound financial reporting also clarifies the issues, so informed decision-making can take place.

However, other problem areas, aside from property accountability also exist. In 1993, the General Accounting Office (GAO) released a study entitled "Financial Management: Department of Defense (DoD) Has Not Responded Effectively to Serious Long-Standing Problems." The title of this report pretty well sums up how the GAO views financial management within the Department. Two of the more serious deficiencies

noted by the report were a lack of strong financial leadership and the fact several financial management initiatives in DOD were losing momentum.⁶ This report was backed up with several examples.

Corporate Information Management (CIM), Defense Finance and Accounting Service (DFAS), and the Defense Business Operation Fund (DBOF) were all cited as initiatives which had serious problems and were not living up to expectations. Successful implementation of these initiatives was especially important for the Army as the dollars had already been removed in the out-year funding reflecting anticipated savings.

The report concludes by stressing that after several years of what should be considered devastating audit findings, the Office of the Secretary of Defense (OSD) has still not demonstrated that it is serious about resolving its financial management problems and issues. It further states "It is paradoxical that the defense establishment, where discipline is essential for combat, instills so little discipline in its financial management operations."⁷

The conditions under which the current state of affairs evolved within the Army and DoD occurred over a long period of time. Leaders at the time were well-meaning but failed to grasp the importance of financial management. They suffered from false assumptions and in some cases allowed their decisions to be made based on previous experiences that were not valid. As they had no vision to serve as a guide, they could not see how their decisions and actions fit in with an overall plan nor did they know in what areas to focus their analysis. In many cases their actions directly contributed to the crisis

we now have in financial management as evidenced by the many audit reports and findings by the GAO.

The crisis extends over a wide range of functions and responsibilities but is perhaps most evident in the difficulty the Army has in transitioning among the Program Objective Memorandum (POM), the Army Budget, the Budget execution, and future years follow-on funding. POM funding levels are estimates at best, while programs and funding levels get obfuscated in the Budget, due to the requirement to stratify funding by appropriations. In addition, funding is allocated to Army MACOMs by appropriation as well, causing the true cost of many programs and initiative to become lost or extremely difficult to ascertain. These problems might not be insurmountable, if a robust accounting system existed with a strong analytical arm that could transition back and forth between fiduciary (appropriation) and cost accounting. Hard reliable analysis could then be fed back into the financial system, so decision makers could see the results of their actions. This in turn would lead to better allocation in the future. Hard analysis would also give decision makers ready information to use in fighting ill-conceived initiatives that could harm rather than help the Army in the years to come.

All this comes back to the fact that vision is essential to an organization. Today, many organizations have visions due to the popularity of the subject matter. The Army financial management community is no exception. Our vision statement as promulgated by the Assistant Secretary of the Army (Financial Management & Comptroller) (ASA(FM&C)) reads as follows:

*Financial managers involved in all aspects of Army operations and entrusted to provide timely and accurate financial information for decision-makers.*⁸

This vision is inadequate. The first half of the statement is vague and sees financial managers being involved “in all aspects of Army operations,” a rather ambiguous statement. The second half of the statement focuses on timely and accurate financial information. Although providing timely and accurate financial information is a worthy objective, it is an implied task.⁹ The goal and vision of the financial manager should be providing the leader with advice and counsel on whether the mission, project, or initiative is financially supportable. The leader assumes “*timely and accurate financial information*,” he wants advice and counsel ... and this “advice and counsel” must be based on rigorous financial analysis of Army programs. Our current vision is not focused.

This vision was written for a technical audience and thus falls outside the purview of the leadership. This vision has six subordinate goals, all of which focus on accountability, processes, professional development, and systems ---- all of which are important as implied tasks but not goals.¹⁰ The main role of the financial manager has to be to provide the leader with what the leader wants in terms of financial management --- not what we *think* the leader wants or we believe the leader *ought* to want.

Financial managers at all levels may have a hard time determining exactly what their leaders want in terms of financial information. Every situation is different, but a good place to start is detailed analysis of applicable Army programs and missions. Program costs across all appropriations displayed by year in a time series is especially

helpful in showing where we have been and where we are going. Steep changes in direction demand further analysis. Leaders might change their decision if they knew they were making a radical change from past efforts --- conversely, a big departure from past practices may be required. Analysis provides that essential information to the decision maker. Pro-forma cost reports showing the financial effects of future initiatives is another tool that will help the leader make better decisions. Rigorous analysis of financial statements can also identify possible areas for resource efficiencies. These candidates can then be used as "strawmen" by decision makers and other leaders to determine whether the financial expectations actually agree with the reality in the field or workplace. Several candidates may be discarded, but the point is financial analysis can establish the start point for resource savings.

The viewpoint represented by the ASA(FM&C) vision is not analysis oriented and has consequently caused financial management to be viewed as a secondary concern by the Army leadership at all levels. Leaders and commanders know that they can get in trouble if the books do not balance or they spend more than they have been allocated. They also realize the budget and operating efficiency is important, but taking the entire realm of financial management seriously and using their comptrollers and financial managers as operational players is not occurring. By turning inward to the language of accounting and directing our efforts and reports to the needs of systems rather than to the needs of the leadership, we produce a vicious cycle where we try to make improvements but cannot engender leadership interest. We flounder in our efforts and no one really notices. Audit reports continue to be written, but no one really pays attention. OSD finally takes notice

and decides to take on the issue (in the name of cost savings) spawning additional Defense bureaucracy. In the process, authority shifts to a civilian agency that may be ambivalent to service needs. Before long, the advice and counsel we receive are “business practice” solutions and propositions that may not apply to operational issues. End result ... readiness and capability suffer.

IV. Developing a Strategic Vision for Army Financial Management.

As we know from figure 1, the future projections for the defense budget are not good. At the end of the drawdown era and the relatively easy achievement of savings associated with that drawdown, the defense establishment is now facing the prospect of a stagnant, if not declining, top-line. This condition, caused by a continuing pressure to balance the federal budget and simultaneously shift dollars into domestic programs, will continue unabated into the 21st century. We must have a comprehensive strategic vision. Once we have that vision we must then work tirelessly to execute, it if we intend to control our destiny in the years to come. Without this effort to execute our vision, we have only a dream.

The financial management community can provide the key to controlling the execution of our Army's strategy. The financial management community's own vision must concentrate on how it will integrate itself into the Army structure at all levels. The vision must have two primary pillars of support. The first pillar deals with the financial management process and how it operates. The second pillar is more subjective and deals

with how we communicate the results of financial management and how we get leaders to make financial management a way of life in their organizations.

A. The Financial Management Process.

The first thing we must do in our financial management processes is to change our focus away from budget formulation and fiduciary accountability. We perform these tasks well but have tended to allow them to obstruct our view of the larger implications of full spectrum financial management. We must not reject budget formulation or fiduciary accountability but we must place them in proper context as parts of a larger whole.

Budget formulation in today's context is primarily involved with defending what we have and trying to get more. Whether at the installation, MACOM, or HQDA level, the environment is the same. The reason for this condition is simple: we have been asked to do more than we have been funded for at every level. In placing budget formulation in a more correct context, we need to ask ourselves if this past "defend and seek more" strategy has been especially effective. The numbers are not kind. From 1990 to 1997 the defense topline declined 31.2 percent, while the Army topline declined 39.1 percent. Our share of the Defense budget also declined from 26.7 percent in 1990 to 24.6 percent in 1997.¹¹ If the Army continued to maintain a 26.7 percent portion of the budget in 1997, our topline would be nearly \$5 billion more than it is now. Our topline has eroded over the years and migrated to the Defense Agencies and the Air Force. Whatever we have been doing, it has not been especially effective.

The current fiscal environment will not change in the near future. Our national military strategy will in all likelihood continue to require more and more, while our

appropriations will likely remain constant. Focusing on budget formulation to the exclusion of other key components of financial management has not worked in the past and will not work in the future.

We must focus on how to get more out of what we have. This reorientation of focus requires analytical ability and the judgment to know what's really important. We must examine missions from the financial supportability aspect and make the leadership come to terms with current and future impacts of their decisions. We must develop the ability to quickly look at new initiatives and determine if they meet the financial management "common sense test." We must ferret out the real issues, be proactive and provide the leadership with what they really need.

We must also deal with the issue of "accountability". In describing the federal financial management system (including DoD), a recent GAO report quoted the Director, of the Office of Management and Budget as saying, "essentially a primitive cash budgeting system --- without satisfactory controls or audits; without accruals; without balance sheets; without a clear picture of assets, liabilities, returns on investment, or risks."¹² Apparently, the members of Congress agree with the GAO. In the past six years Congress has passed the Chief Financial Officers Act of 1990, the Government Performance and Results Act of 1993, and the Government Management Reform Act of 1994.¹³ Each of these acts addressed financial management and in particular, accountability. These acts also have another sixty plus years of financial management reform behind them.

I believe all these acts, audit reports, studies, and commissions miss the mark because they fail to address in any meaningful way what financial management does for the

federal manager and in our case the military and civilian leadership of DoD. All of these individuals will seek to implement the law and seek to meet Congressional intent because they know its the right thing to do however, its hard to expect these individuals to enthusiastically support and take on a “can do” attitude when they cannot relate what they are implementing to their best interests. The leadership has many challenges they must manage and many of these acts and corrections to findings do nothing but place additional requirements on their already “full plates”. These requirements are good and each has meaning, but few of them meet the test “will it help me better perform my mission?” We can do better. We need to structure our financial management organizations and functions around meeting the needs of the leadership....the implied tasks of good bookkeeping and all the rest will take of themselves if we can meet this one goal.

How to view this integrated financial management system that will meet the decision-making needs of the leadership, connect all the diverse elements of the Army, and respond to the desires of Congress is the major challenge we face. Charles A. Bowsher, the current Comptroller General of the United States has developed a model regarding this idea of an expanded financial management role and how it helps integrate decision-making at all levels.

Mr. Bowsher sees financial management encompassing four phases --- planning/programming, budgeting, budget execution/accounting, and audit/evaluation. These four phases are closely linked in a continuous financial management process. In this continual loop process, the information and decisions in each phase “track through” and influence the subsequent phase and perhaps other phases as well.¹⁴ Figure 2 presents this

idea graphically. Although this structure has many similarities to the Planning, Programming, and Budgeting System (PPBS), the focus is on the leadership at all levels and not a system which systematically drives decisions to the top. This structure visualizes what is meant to occur at all levels. If adopted by the Army, this process ought to produce financially supportable decisions which drive Army mission accomplishment.

The Financial Management Process

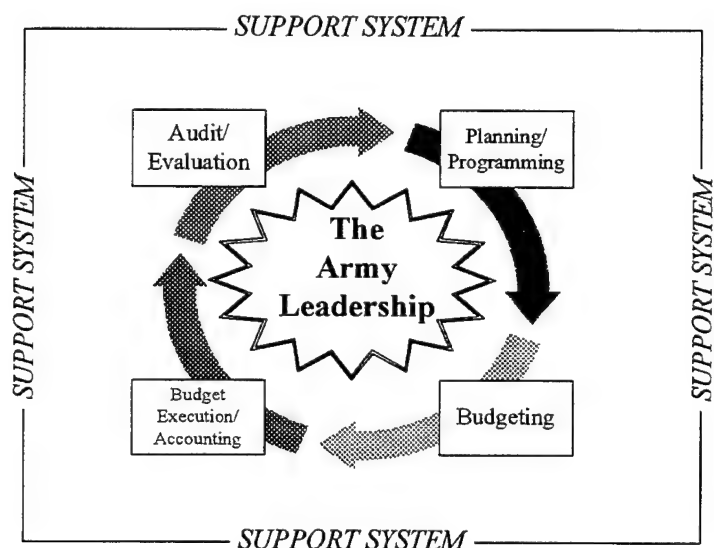


Figure 2¹⁵

After examining the structure in figure 2, I conclude that we do those tasks identified in the four rectangles found in the corners of the diagram. Our problem is that we do not properly incorporate the feedback mechanisms at every juncture represented by the arrows. The circular arrows in Mr. Bowsher's diagram representing feedback are ill-defined, shaky, and disjointed. Simply stated, we have a hard time connecting the pieces and "learning" from prior events.

Ideally, if we performed the tasks, especially those in the Audit/Evaluation block associated with meaningful analysis, and then cycled in the feedback, our financial management organizations would be able to better translate missions into fiscal terms, identify savings, and account for execution. Timely and accurate execution data would then provide feedback for better planning and programming in future cycles.

The methods and processes of financial management are specialized and technical, however, the outcome of these processes should provide the leader with the financial component of the decision-making equation. This financial component based on sound analysis then allows the leader to make a financially supportable decision.

B. Communicating Financial Management Results.

As important as the financial management process is, it must be communicated to the leadership and the entire organization if it is to work. It is beyond the scope of this paper to go into detail on how to fully accomplish this task. However, one way to visualize the task in general, is to lay out what must be done in order to add financial management as one of the Army's "six imperatives." In my opinion, "financing" seems to be a good "seventh imperative" to go along with quality people, training, force mix, doctrine, modern equipment, and leader development. Making "financing" the seventh imperative is just one way of looking at what must be done ... but it shows the magnitude of the importance now placed on financial management and what one can expect in terms of bureaucratic infighting to get that level of importance acknowledged.

If we intend to make “financing” the seventh imperative we must secure the commitment of the leadership which requires several things....one of these is we must be able to communicate our vision.¹⁶ We must be able to show how the new seventh imperative will influence people and bring forth the fruits of good financial management. We must gain concurrence at all levels but it is absolutely essential that we gain concurrence at the higher echelons. Their support is critical is critical to the success of our vision.

Gaining concurrence at all levels means we must show how financial management interrelates with the issues of the day. We have to talk about costing out force structure options, training programs, reserve component missions and the like. We have to clearly and unambiguously lay out the cost parameters of decisions. We must clearly state what we do not know and what the risks are of adopting unproved or unsubstantiated cost-savings initiatives or other programs. We must do these things whether asked or not and boldly present our views to the leadership...whether asked or not... After all is said and done, when the leadership makes a decision, they must do so with their eyes wide open, fully aware of the cost implications.

There will be hard issues which deserve more attention... is the force structure of today sustainable tomorrow, training funds vice base operations, and the plethora of other issues that lie just under the surface of our budget. Organization changes will have to be addressed .. is the current ASA(FM&C) the best structure ... should the financial management analysis organization belong to the Assistant Vice Chief of Staff rather than ASA(FM&C)...should financial management and the Office of Program Analysis and

Evaluation be combined. We need to concentrate on what leaders want and need and get the senior leadership interested in what full spectrum financial management can do for them. Only then will we have the real leverage necessary to fix the financial management ills that have been in existence for decades. Only then will financial management be incorporated into the true seventh imperative.

V. Conclusions.

The point of this paper was to convince the reader that the financial management function in the Army is not well and full spectrum financial management should be an important element of the overall Army leadership equation. It should also be apparent that as busy as we all are and with all the things we are doing, we have not melded the financial management processes into a viable information system. Thus, we have not provided the senior leadership with what they truly need to make fully informed decisions.

We have tended to do those things that we in the financial management community feel are important ... sometimes with questionable results. We have concentrated on merging systems, consolidating operations and allowing customer service to suffer while the Army as a whole has been forced to embrace ill-conceived DOD savings initiatives which removed large amounts from our outyear budgets and subsequently not produced the expected savings. We have done those things in the name of change which are in our comfort zone. We have not isolated what the leadership really needs and wants and made those things our primary objectives. We have not built a true financial management system.

We must develop a strategic vision around providing the leadership with hard analysis on the issues of the day. We must seek out those issues and do the analysis without being asked. We must forcefully communicate our concerns and our approval. We must perform those budget formulation and accounting tasks expected of us by Congress and OSD but we must also start producing and communicating analyses and in depth research required by our own leadership. We must see good financial management as being in our best interests. Once we do so, we will be better equipped to take the Army into the twenty-first century.

VI. Recommendations.

1. Obtain Chief of Staff approval to include a concept regarding financial management as a seventh imperative to the Army "Trained and Ready" paradigm. Making financial management a part of the paradigm sets the stage and communicates to others that the Army now views this function as essential to the Army.

2. Develop and promulgate a better more focused vision statement for the financial management community. This statement should focus on the rigorous analysis leaders want and need to make proper resource decisions. Other financial management missions and responsibilities, although no less important, should be properly tagged as "implied tasks" and worked within the financial management community. Where improvement in financial management systems and procedures require "mainline" Army involvement, financial management leaders must approach the Army leadership at whatever level and seek assistance. With financial management now part of the "Trained

and Ready” paradigm and leaders at all levels aware of the valuable analysis they are receiving, this assistance should be readily forthcoming. As a start point for the vision statement, I suggest the following:

A financial management community which communicates rigorous and meaningful financial analysis to decision-makers regarding Army programs, missions, and new initiatives, so as to better effect the proper levels of financing for these actions.

3. Prioritize the needed improvements within the financial management community necessary to provide the rigorous analysis proposed in the above vision statement. A priority which immediately comes to mind is pushing the Defense Finance and Accounting Service to build a more robust accounting system which can link program, budget, and execution data by mission, program or new initiative so as to facilitate meaningful analysis.
4. Provide the tools and manpower needed to conduct the analysis and implement the proposed vision. Human resources within the financial management community will have to be shifted and in some cases expanded in order to build the analysis capability. Off-the-shelf analytical software which can accept data feeds from standard systems should also be provided to those who need it.

As can be readily seen, these recommendation build on one another. Much of the infrastructure needed to form this analysis is already present throughout the Army. We simply need to refocus our effort and the leadership needs to make it happen. It can be done!

Endnotes

¹ Executive Office of the President, Office of Management and Budget, Historical Tables: Budget of the United States Government, Fiscal Year 1997 (Washington: U.S. Government Printing Office, 1996), 42-49.

² Brad Leonard, "Definition of Budget Execution," 20 January 1993, <<http://www.financenet.gov/homea/gopher/data/related/budgetnet/fed/workshop/execute/bgtexec1.txt.gop>>. December 1996.

³ Curtis W. Symonds, Basic Financial Management (New York: AMACOM, 1978), 1

⁴ United States Bureau of the Budget. Improvement of Financial Management in the Federal Government (Washington: Bureau of the Budget, 1956), 15.

⁵ Department of the Army. Serving the Nation Through Progressive Stewardship: A Guide to the Department of the Army FY 1995 Annual Financial Report. (Washington: Headquarters, Department of the Army, March 1996), 28.

⁶ General Accounting Office. DOD Has Not Responded Effectively to Serious, Long-standing Problems (Washington: U. S. General Accounting Office, 1993), 2-3.

⁷ Ibid., 12.

⁸ "Assistant Secretary of the Army Financial Management & Comptroller: Vision Statement," <http://www.asafm.mil/pubs/rm_mag/4thqtr94/vision.htm>. December 1996.

⁹ The term "implied task" is drawn from Army doctrine where it denotes a task that although not specifically identified by the tasking authority, must nonetheless be performed if the mission is to be accomplished. Here it is meant to imply that senior leaders assume successful accomplishment of many financial management functions they may not be specifically aware of.

¹⁰ The goals which were subordinate to the stated vision were: stewardship, modernization, professional competence, quality, doctrine, and structure. Each of these goals stressed how the ASA(FM&C) community would contribute to the Army mission in each of these areas.

¹¹ Department of Defense, Annual Report to the President and the Congress (Washington: U.S. Government Printing Office, 1996), B-2.

¹² General Accounting Office, Transition Series: Financial Management Issues (Washington: U.S. General Accounting Office, 1992), 5.

¹³ Serving the Nation Through Progressive Stewardship: A Guide to the Department of the Army FY 1995 Annual Financial Report, 9.

¹⁴ Charles A. Bowsher, "Government Financial Management at the Crossroads: The Choice Is Between Reactive and Proactive Financial Management," in Government Budgeting, ed. Albert C. Hyde (Belmont, California: Wadsworth Publishing, 1992), 390-391.

¹⁵ Ibid., 391

¹⁶ Dana M. Cound, A Leader's Journey to Quality (Milwaukee, Wisconsin: ASQU Quality Press, 1992), 49-52.

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